

To guide you

Do you have a consumer problem that you need help with or do you want some information about new laws, Federal Government benefits or special programs? The Federal Government has an array of agencies & departments that are available to help you. The question is: How to find & contact the right one.

To help, **Office of Consumer Affairs (OCA)** has revised its *Guide to Federal Consumer Services* to give consumers a directory of Federal consumer programs. The 1976 edition of the *Guide* lists 36 departments & agencies that provide some form of consumer service. In addition, the *Guide* gives a description of what these agencies do & directs consumers where to go & whom to call if they need help with a particular consumer problem.

Because office personnel & telephone numbers are subject to change, the *Guide* will also be updated annually through a condensed list of Federal consumer offices that will be published in **CONSUMER NEWS** [**CONSUMER NEWS**: Dec. 15, 1974, & Aug. 15, 1975, have previous listings]. To get a free copy of the *Guide*, write: Guide, Consumer Information Center, Pueblo, CO 81009.

Recalls

In its continuing attempt to prohibit entry into this country of imported canned pimientos that may cause a health hazard, **Food & Drug Administration (FDA)** has added the following products to its recall list [**CONSUMER NEWS**: Jan. 1]:

- Colossal Brand sweet red pimientos (whole) manufactured by Conservas Diamante, S.A., Murcia, Spain. The product was distributed in Florida by J.M. Fiol, Inc., Miami, FL & the firm estimates that 35 cases, each containing 48 cans of 198 grams (7 ounces), remain on the market.

- Goya Fancy Pimientos (whole) manufactured by Carreno Cuadrado Hermanos, S.A., Cehegin, Murcia, Spain. Product was distributed by Goya Foods Inc., Secaucus, NJ. Firm estimates that 35,000 cans of 198 grams & 4000 cans of 396 grams (14 ounces) remain on the market. All cans have the foreign registry number #R.E. 14.301 on the labels.

- Comtesse Brand Sweet Red Pimientos (whole) manufactured by Alhambra-Carreno Cuadrado Hermanos, S.A., Cehegin Murcia, Spain. Product was distributed by Lissco Food Industries Inc., New York, NY. Firm estimates that 3600 cartons, each containing 24 cans of 396 grams were distributed in New York & Connecticut. All cans have the foreign registry number #R.E. 14.301 on the label.

consumer news

DEPARTMENT OF HEALTH, EDUCATION & WELFARE
Office of Consumer Affairs
Virginia H. Knauer, Director

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State of the Union

In his State of the Union address, President Ford repeated his request for reform of Federal regulation of industries [**CONSUMER NEWS**: May 15 & Aug. 1, 1975] & urged Congress to act on his remaining proposals for energy independence.

President Ford said, in part: "We [Federal Government] are wasting literally millions of working hours costing billions of consumers' dollars because of bureaucratic red tape . . . Now, we need reforms in . . . key areas of our economy—the airlines, trucking, railroads and financial institutions. I have concrete plans in each of these areas, not to help this or that industry, but to foster competition and to bring prices down for the consumer.

"This Administration will strictly enforce the Federal antitrust laws for the same purpose."

The President's energy proposals to Congress would:

- Reduce domestic natural gas shortages.
- Allow production from national petroleum reserves.
- Stimulate effective conservation, including revitalization of our railroads & the expansion of our urban transportation systems.
- Develop more & better energy from our vast coal resources.
- Expedite clean & safe nuclear power production.
- Create a new national energy independence authority to stimulate vital energy investment.
- Accelerate development of technology to capture energy from the sun & the earth for this & future generations.

Within the theme of the balanced Federal budget, here are other consumer highlights from the President's proposals to Congress:

- Income tax benefits for moderate income families for investing in common stock of American companies.
- "Catastrophic health insurance" for everyone covered by Medicare to help pay the costs of prolonged hospital or nursing home care.
- Improvements in hospital & medical care for veterans.
- Continuation of proven job training & employment opportunities for the unemployed.
- Increase in Federal assistance—attorneys, marshals, judges, law-enforcement agents—to control violent crime.
- Consolidation of Federal programs to provide flexible grants to states, cities & local agencies for education, child nutrition & social services.

FTC & vitamins

Federal Trade Commission (FTC) has put a stop to some of the claims made by manufacturers of vitamins & dietary supplements that are allegedly deceptive & not based on documented fact.

FTC has accepted a consent order with three affiliated California firms—Vitamin Education Institute, Certified Research Foundation (also known as National Vitamin Research Council), & Marketing Group One, all located in Tarzana, CA—prohibiting them from making weight-loss claims to sell "Mega-Vitamin" dietary supplements. The complaint that led to the consent order alleges that, contrary to the firms' advertisements, the Mega-Vitamin Super Protein Tablet is not responsible in whole or in part for any breaking down or burning off of fatty tissue resulting from the use of this diet & that by themselves, these tablets are not responsible for any weight loss. Instead, FTC explains that only restricted caloric intake through dieting will cause consumers to lose weight.

FTC's complaint further challenged the statements contained in a booklet called The "MEGA-VITAMIN" DIET REGIMEN Research Report," which has been used to get magazines & newspapers to accept advertising for the products. FTC charges that this booklet is not a bona fide medical or scientific research report & that the source for the booklet—Certified Research Foundation—is not a research agency but is a firm owned by the manufacturers of "Mega-Vitamins."

In addition to prohibiting the alleged deceptive statements, the consent order also requires that the firms no longer use the words "education," "institute," "research," "foundation," & "council" as part of their corporate or trade names.

A consent order is for settlement purposes only & is not an admission by the companies involved that they violated the law.

Overseas baggage

Customs Service has changed its regulations to make it possible for consumers to send back packages of clothing & other personal effects from foreign countries without filing a customs declaration. Change was made because such packages often arrive in this country prior to the return of the traveler, thereby making it impossible to file a timely entry. Under the new regulation, customs officers can authorize delivery by an airline or other form of shipping after inspection & examination of the baggage if contents are of US origin & are clearly exempt from duty. Customs officials will get a receipt from the airline or other shipping company for the baggage.

Now it is law

Congress has passed & President Ford has signed several new laws that will have an impact upon consumers. Following is a brief description:

FAIR TRADE LAWS REPEALED

A new law that will make it illegal for manufacturers to fix prices of consumer products sold by retailers has been signed by President Ford & will go into effect March 12. Called the Consumer Goods Pricing Act of 1975, this new legislation will repeal "fair trade" laws in the states that still have them. Fair trade laws allow manufacturers to set retail prices for their products & were enacted in response to the economic conditions of the Depression. By rescinding these laws, retailers will again be able to set prices on a more competitive basis, thereby enabling consumers in all 50 states to shop for products at the lowest possible prices.

The 21 states having fair trade laws that will be repealed by the new Federal legislation are: Arizona, Delaware, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, North Dakota, Oklahoma, Pennsylvania, South Carolina, South Dakota, Virginia, West Virginia & Wisconsin.

COMPREHENSIVE ENERGY LAW

To help the country become energy efficient, President Ford signed the Energy Policy & Conservation Act of 1975. Parts of the law will go into effect this month (other provisions will become effective at a later date) & will give the Federal Government new powers to deal with energy shortages & to conserve our energy resources. Major provisions of the law include:

- Gas rationing—using contingency rationing & conservation plans that have been cleared in advance with Congress, the President can order fuel rationing for up to 9 months.
- Allocation—the President can allocate energy resources & can bar exports of fuels, materials & equipment needed for our national energy requirements.
- Stockpiling—the law requires that a stockpile equal to at least 3 months' of our energy needs will be built up within 7 years & that, as a first step, 150 million barrels of petroleum products will be stored within 3 years.
- Auto mileage—the law sets mandatory fuel economy standards for autos starting at 29 kilometers or 18 miles per gallon (mpg) for 1978 model cars & rising to 44 kilometers or 27.5 mpg for 1985 cars.
- Appliance labeling—to help consumers determine the energy efficiency of products, the law requires energy efficiency labeling on various home appliances unless Federal Energy Administration determines this is not feasible. These labels are now voluntary for some appliances [CONSUMER NEWS: May 15, 1974; Aug. 15, 1975].
- Conservation—the law requires the Federal & state governments to develop plans to further reduce their consumption of energy.

MORTGAGES

To eliminate the practice of "red-lining" or refusing to lend mortgage money in older urban or poorer neighborhoods, the Home Mortgage Disclosure Act of 1975 was enacted to require mortgage lenders to disclose where they make their mortgage loans. The law goes into effect May 30 & will apply to financial institutions having over \$10 million in assets & operating in large urban areas. Under the law, these institutions must make available for public inspection information on the number & total dollar amount of mortgage & home improvement loans, using either zip codes or census tracts (to indicate geographic areas). The law also extends until March 1977, the authority of Federal regulatory agencies to regulate interest rates paid on certain deposits in financial institutions.

Justice halts travel schemes

Justice Dept. has taken legal action against airlines & several tour organizations to stop certain practices that the agency believes are illegal & which allegedly raise prices for consumers.

Following an extensive investigation of the methods used by airlines & their agents to book overseas flights, Justice filed suit against 19 international airlines for allegedly giving rebates to ticket agents & others for selling transatlantic airline tickets. As a result, involved airlines agreed to a consent order that will prohibit them from engaging in the following practices in the future:

- Selling tickets at special fares (youth & student fares, excursion fares, group & inclusive tour fares) to persons not eligible for such fares.
- Transporting charter passengers on regular scheduled flights at charter rates. According to Justice, a plane owned by a commercial airline can be leased by a charter company, but in this case, the plane should only carry charter flight passengers. If a consumer flies on a regular scheduled flight—and not a charter flight—he or she should pay the regular fare, Justice says.
- Making payments to a ticket agent as a commission for the sale of a flight when the airline company believes that this payment will be used as a rebate. An example of this would be when a travel agent uses his commission to reduce the fare of the ticket in making the sale.)

These practices & others, according to Justice, resulted in rebates & special payments that violate Federal law.

Airlines signing the consent order were: Air France, Air India, Alitalia Airlines, British Airways, British Caledonian Airways Ltd., El Al Israel Airlines Ltd., Iberia Air Lines of Spain, Icelandic Airlines, Japan Air Lines Co. Ltd., KLM Royal Dutch Airlines, Lufthansa German Airlines, Olympic Airways S.A., Pakistan International Airlines Corp., Pan American World Airways Inc., Sabena Belgian World Airlines, Scandinavian Airlines Systems, Swiss Air Transport Co. Ltd., TAP Portuguese Airways & Trans World Airlines Inc.

In a similar matter, **Justice Dept.** also filed suit against several tour companies—all of Hawaii—on charges of price fixing tour packages in that state.

The suit, which also resulted in a grand jury indictment, charges Hawaii Conference of Tour Operators Inc., a trade association of tour operators in Hawaii, & 4 of its member companies—Inter-Island Travel Service, Ltd. (doing business as Trade Wind Tours of Hawaii & International Travel Service, Ltd.); Island Holidays Ltd.; MacKenzie Travel Organization, Hawaii Inc.; & Vacations-Hawaii Inc. (doing business as Lea Lea Tours)—with allegedly conspiring together to fix prices for package tours to Hawaii during the years 1963 to Dec. 20, 1974. Type of tour package involved was the "FIT" tour, sold to "free independent travelers" who did not need to arrive or depart with a group at a specified time. Tour included hotel accommodations, ground transportation & sightseeing attractions & were allegedly sold to consumers at artificially high prices that were agreed upon by these travel companies in advance.

Justice is asking in its suit that these companies be prohibited from continuing to set agreed upon prices for FIT tours & from engaging in any other practices that restrict competition in the selling of FIT tours. If the companies are also convicted of the charges specified in the indictment, they could be fined up to \$50,000 & the company official involved could be fined \$50,000 or be sentenced to a year in jail.

CPSC & mattresses

Consumer Product Safety Commission (SPSC) has taken action against several mattress manufacturers to require more & better testing for flammability.

In one instance, CPSC obtained a temporary injunction against Tri-Foam Sleep Products Inc., Freeport, NY, ordering the firm to test its mattress production as required by Federal standard. CPSC filed suit against the company after Tri-Foam had chosen not to submit voluntarily to a proposed CPSC order directing it to perform periodic testing of its mattress production for susceptibility to ignition (by smoldering cigarettes in the mattress). Unless appealed, this temporary injunction will remain in effect until the conclusion of legal proceedings.

In a related matter, CPSC has accepted consent orders prohibiting 17 mattress manufacturers from selling products that fail to meet certain Federal flammability requirements. The agreements require the 17 firms to conduct all flammability tests specified under Federal mattress standards & to label each mattress with a permanent, accessible & legible label containing the appropriate production unit identification.

Under the consent agreement, all but one of the firms—Eldredge Mattress Factory, Hutchinson, KS—must also notify consumers who bought non-complying mattresses that they can return the mattress for a refund or replacement (at the option of the manufacturer) plus receive an allowance for reasonable transportation costs. Eldredge has already completed this notification & recall. Firms involved in the consent order (in addition to Eldredge) are Beddingcraft, New York, NY; Levy Brothers, Brooklyn, NY; O. Morgan Custom Made Mattress & Box Springs Co., Chicago, IL; Chicago Master Mattress Factory, Detroit, MI; Sendlein Bedding Co., St. Louis, MO; Red Front Trading Post, Aviso, CA; Piqua Mattress Co., Piqua, OH; Deluxe Mattress Co., Cleveland, OH; Pewaukee Mattress & Supply Co., Pewaukee, WI; Wold Industries Inc., Minneapolis, MN; Reliable mattress Co., St. Louis, MO; Sandman Mattress Co., San Francisco, CA; U.S. Bedding Co., Dallas, TX; Joe's Mattress & Upholstering, Portland, OR; Slumbercraft Corporation of New England, Boston, MA; & Sonoma Mattress & Furniture Co., Cotati, CA.

S-p-r-e-a-d-i-n-g the word

• A variety of materials that supplement driver training & traffic safety programs are described in a new American Automobile Association catalog, *Making Travel Safe*. To get a copy, contact the AAA club in your area (catalog request form #3433).

Invest? Investigate!

If you are thinking of investing in interests of oil or gas leases, **Securities & Exchange Commission (SEC)** cautions you to investigate before you invest. According to SEC, while a number of oil & gas programs are legitimate in their conception, unscrupulous promoters have used oil & gas lease interests as a way to bilk the public.

To insure that you will not be defrauded, SEC suggests that you take the following precautions:

- If you get an unsolicited call or letter, ask how the company got your name.
- Find out if the offering is filed with the SEC & the securities commission of your state. Also ask the salesman if he is licensed to sell securities in your state.
- Ask for a copy of any geological report that may have been made (keep in mind that these reports are not assurances that oil or gas is present) & review it with someone knowledgeable.

SEC also advises that you resist pressures to make a hurried decision & that you consider the risks in relation to your own financial position. Also remember that legitimate companies & promoters are not hesitant to provide you with information about the company or the actual investment. Therefore, if the people you talk to are reluctant, it should be a red flag to you to avoid making that particular investment.

Oil & gas leases: Be wary

Securities & Exchange Commission (SEC) has issued a warning to potential investors to be wary of buying interests in fractional undivided oil & gas leases. These interests are actually shares for parts of a lease for a piece of land that has been rented by a company to drill for gas or oil. By selling fractional interests in the lease, the company is permitted to raise a total of \$250,000 for drilling. If oil or gas is found, the consumer-speculator is supposed to get a percentage of the profits from what is produced. However, according to SEC, what has happened in many cases is that unscrupulous promoters have used the lure of investing in these leases to defraud the public.

To sell fractional interests, SEC requires promoters to file a document called a "Schedule D" that, like a prospectus, tells where the land is located & whatever geological information is available. But SEC's regulations do not now require the form to state anything about the legal & financial histories of either the company or its officers. This has helped some unscrupulous promoters to become involved in oil & gas lease swindles.

How they work is like this: After buying oil & gas leases & filing the forms with SEC, promoters then get telephone directories, buy name lists & hire salesmen (who often know nothing about oil or gas) to make their pitch. Typically, unfounded claims or suggestions of potentially spectacular profits are made. The consumer, however, is not told anything about the nature of the company offering the interests or the risks involved in speculating.

Because unscrupulous promoters have used fractional interest offerings as a way to bilk consumers, SEC is now attempting to change its disclosure requirements for filing Schedule D's to provide more information about the company making the offering. SEC is also working with state authorities in a stepped-up campaign to prosecute unscrupulous promoters whenever possible.

If you believe that you may have been a victim of this kind of fraud, SEC advises that you contact your state securities commission or nearest SEC Regional Office.

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